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July 3, 2006

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The Honorable Charles L.A. Terreni
Chief Clerk/Administrator Public Service Commission of South Carolina
P.O. Drawer 11649
Columbia, South Carolina 29210

RE: Docket No. 2006-92-W/S
Carolina Water Service, Inc. – Application for Adjustment of Rates and
Charges for the Provision of Water and Sewer Service

Dear Mr. Terreni:

The Office of Regulatory Staff (ORS) is in receipt of Mr. Hoefer's June 30, 2006 letter requesting the Public Service Commission (Commission) to reconsider the action taken at its June 27, 2006 meeting in which the Commission requested Carolina Water Service, Inc. (CWS) to provide certain information to the Commission and to clarify the relief requested in CWS's June 20, 2006 motion.

By Act 175 of 2004, ORS was created and granted the authority, duty, and responsibility to represent the public interest in utility regulation for our State. Furthermore, the previous authority of the Commission to investigate the public utilities operating in South Carolina and to audit and inspect their books and records was removed from the Commission and granted solely and exclusively to ORS. In addition, the previous authority of the Commission to conduct discovery in cases before it was specifically, expressly and unconditionally repealed.

Our South Carolina General Assembly has provided for a new regulatory process. In order to preserve and protect the integrity of that process, the Commission must base its decisions on the evidence offered by the parties of record¹ and admitted pursuant to, and consistent with, the South Carolina Constitution, the Administrative Procedures Act, the Rules of Evidence, and Rule 501 of the South Carolina Appellate Court Rules.

Therefore, ORS hereby concurs with the legal arguments submitted in Mr. Hoefer's letter as referenced above.

¹ The Commission is not a party of record.

ORS is cognizant of the need for the Commission to have sufficient information in order to make a determination on the issues presented to it. ORS has propounded extensive discovery upon CWS, has audited its books and records, and has inspected its operations. ORS will prepare testimony and exhibits for presentation to the Commission to provide evidence in the record for the Commission to make a determination as to the reasonableness of the proposed rates.

ORS seeks to ensure that all information that the Commission considers is submitted in a lawful manner.

Thank you for your assistance with this matter.

Sincerely,

OFFICE OF REGULATORY STAFF

A handwritten signature in black ink, appearing to read "C. Lessie Hammonds". The signature is fluid and cursive, with the first letter of each word being capitalized and prominent.

C. Lessie Hammonds

cc: John M.S. Hoefer, Esquire